

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

SCI-06 AEC-11 SPM-01 AGR-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

DRC-01 OIC-04 EPA-04 CEQ-02 /269 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC 5089

INFO USUN NEW YORK 263

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 2230

E. O. 11652: NA

TAGS: EGEN, ETRN, UNCTAD,

SUBJECT: GROUP 77 PAPER FOR GA

1. SUMMARY: GROUP OF 77 IN GENEVA HAVE PREPARED BACKGROUND PAPER FOR SPECIAL SESSION OF UNGA WHICH THEY WISH HAVE INCLUDED AS PART OF DOCUMENT BEING PREPARED BY SIMILAR GROUP IN NEW YORK. GENEVA PAPER CONCENTRATES ON PRIMARY COMMODITIES AND IS BASICALLY RESTATEMENT OF NUMEROUS OLD UNCTAD PROPOSALS ON MARKET ACCESS AND PRICING POLICY. PAPER CONTAINS REQUEST THAT UNCTAD SYG, IN COOPERATION WITH KEY INTERNATIONAL ORGANIZATIONS, PREPARE AN INTEGRATED ACTION PLAN FOR PRIMARY COMMODITIES TO BE CONSIDERED AT SPECIAL SESSION OF UNCTAD TRADE AND DEVELOPMENT BOARD IN 1975. FOLLOWING IS TEXT OF DOCUMENT. FACT THAT WE HAVE PAPER SHOULD NOT BE REVEALED TO LDCS SINCE DOCUMENT OBTAINED IN CONFIDENCE. END SUMMARY.

2. QUOTE:

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INTRODUCTION

THE SPECIAL SESSION OF THE GENERAL ASSEMBLY SHOULD CONCENTRATE ITS ATTENTION ON CONCRETE MEASURES DESIGNED TO SECURE THE ESTABLISHMENT OF A NEW WORLD ECONOMIC ORDER. TO THIS END, EFFORTS SHOULD BE MADE TO AVOID OVER-CONCENTRATION ON PRINCIPLES WHICH HAVE BEEN ENUNCIATED SEVERAL TIMES IN UNCTAD AND OTHER FORUMS, AND ON THE REARRANGEMENT OF THE PRESENT INSTITUTIONAL FRAMEWORK. THE QUESTION OF INSTITUTIONAL ARRANGEMENTS SHOULD BE EXAMINED AT SUBSEQUENT STATE IN THE LIGHT, INTER ALIA, OF THE SOLUTIONS FOUND FOR THE CURRENT PROBLEMS.

SOLUTIONS SHOULD BE FOUND FOR SHORT-TERM AS WELL AS LONG-TERM PROBLEMS.

THE SOLIDARITY OF THE GROUP OF 77 IS CRUCIAL FOR ENSURING THE SUCCESS OF THE SPECIAL SESSION OF THE GENERAL ASSEMBLY.

IT IS THE VIEW OF THE GENEVA GROUP OF 77 THAT DISCUSSIONS ON ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES SHOULD PREFERABLY, AS FAR AS POSSIBLE, NOT BE TAKEN UP EXCEPT IN A VERY GENERAL WAY AT THIS SESSION, BUT RATHER IN FORUMS WHERE ONLY DEVELOPING COUNTRIES WILL BE PRESENT.

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THE FOLLOWING ARE THE MAIN CONSIDERATIONS WHICH HIGHLIGHT THE IMPERATIVE NEED FOR URGENT INTERNATIONAL ACTION ON ISSUES OF WORLD TRADE IN PRIMARY COMMODITIES AND RAW MATERIALS:

(1) CHRONIC INSTABILITY OF WORLD COMMODITY MARKETS;

(2) CONTINUED STAGNATION OR DECLINE IN THE REAL PRICE OF SEVERAL COMMODITIES EXPORTED BY DEVELOPING COUNTRIES, SUCH AS TEA, BANANAS, JUTE, TUNGSTEN AND IRON ORE, DESPITE A GENERAL RISE IN COMMODITY PRICES;

(3) STAGNATION OR DECLINE, IN THE CASE OF SOME DEVELOPING COUNTRIES, IN THE PRODUCTION OF COMMODITIES RESULTING IN A DECLINE IN EXPORT EARNINGS NOTWITHSTANDING THE GENERAL INCREASE IN COMMODITY PRICES;

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RIES, IN THE PRODUCTION OF COMMODITIES RESULTING IN A DECLINE IN EXPORT EARNINGS NOTWITHSTANDING THE GENERAL INCREASE IN COMMODITY PRICES;

(4) DANGER THAT THE GAINS OBTAINED BY THE DEVELOPING COUNTRIES IN THE PRICES OF SOME PRIMARY COMMODITIES WILL NOT BE SUSTAINED OR THAT THEY MAY BE NULLIFIED BY INFLATION;

(5) STEEP AND PERSISTENT INCREASE, DUE TO ACCELERATING INFLATION IN DEVELOPED COUNTRIES, IN THE PRICES OF MANUFACTURED GOODS IMPORTED BY DEVELOPING COUNTRIES AND THE FAILURE OF THEIR EXPORT EARNINGS TO KEEP PACE WITH THIS INCREASE;

(6) FAILURE OF THE INTERNATIONAL COMMUNITY TO ESTABLISH COMPREHENSIVE INTERNATIONAL ARRANGEMENTS ON MOST INDIVIDUAL COMMODITIES DUE TO THE INTRANSIGENCE OF DEVELOPED COUNTRIES;

(7) NON-IMPLEMENTATION OF RESOLUTIONS ADOPTED IN UNCTAD AND OTHER FORUMS WITH RESPECT TO PRICING POLICY AND ACCESS TO MARKETS AND THE INCREASING TREND TOWARDS PROTECTIONISM BY DEVELOPED COUNTRIES;

(8) NON-IMPLEMENTATION OF THE PROVISIONS OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE CONCERNING WORLD TRADE IN COMMODITIES, AND THOSE RELATED TO THE REDUCTION AND ELIMINATION OF DUTIES AND OTHER BARRIERS TO IMPORTS OF PRIMARY PRODUCTS, INCLUDING THOSE IN PROCESSED AND SEMI-PROCESSED FORM, OF EXPORT INTEREST TO DEVELOPING COUNTRIES;

(9) DISAPPOINTING RESULTS OF THE CURRENT ROUND OF INTENSIVE INTER-GOVERNMENTAL CONSULTATIONS ON INDIVIDUAL COMMODITIES PURSUANT TO RESOLUTION 83(III) OF UNCTAD AND RESOLUTION 7(VII) OF THE UNCTAD COMMITTEE ON COMMODITIES;

(10) CONTINUING IMBALANCE AND DETERIORATION IN THE TERMS OF TRADE OF DEVELOPING COUNTRIES;

(11) THE SERIOUS AGGRAVATION OF BALANCE OF PAYMENTS DIFFICULTIES ALREADY BEING EXPERIENCED BY MANY DEVELOPING COUNTRIES DUE, IN PART, TO THE INCREASE IN THE COST OF FOOD, FERTILIZERS, FUEL IMPORTS, COST OF SERVICES AND INSURANCE;
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(12) DETERIORATION IN THE STANDARDS OF LIVING AND A SLOWING DOWN OF THE DEVELOPMENT PLANS OF DEVELOPING COUNTRIES FACING SUCH DIFFICULTIES;

(13) THE NEGATIVE EFFECT IN THE ECONOMIES OF THE DEVELOPING COUNTRIES BECAUSE OF THE EVER-INCREASING COST IN TRANSPORTATION AND OCEAN FREIGHT;

(14) THE DETRIMENTAL EFFECTS ON THE ECONOMIES OF THE DEVELOPING COUNTRIES OF THE GROWTH IN SPECULATIVE ACTIVITIES IN COMMODITY MARKETS
AND THE HIGH PROFITS IN MONOPOLISTIC PRACTICES OF TRANSNATIONAL COMPANIES IN THE MARKETING AND DISTRIBUTION OF PRIMARY COMMODITIES AND RAW MATERIALS;

15) THE INSTABILITY OF THE INTERNATIONAL MONETARY SYSTEM, IN PARTICULAR THE UNCERTAINTY OF THE EXCHANGE RATES, AFFECTING ADVERSELY THE TRADE I
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TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

DRC-01 OIC-04 EPA-04 CEQ-02 /269 W
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(1) DISPLAY OF THE NECESSARY POLITICAL WILL BY THE DEVELOPED COUNTRIES IS NEEDED SO AS TO ENSURE:

(A) FULFILMENT OF COMMITMENTS ALREADY UNDERTAKEN BY THE INTERNATIONAL COMMUNITY IN UNCTAD AND OTHER FORUMS AS WELL AS IN THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE SECOND DEVELOPMENT DECADE IN THE FIELD OF INTERNATIONAL TRADE IN PRIMARY COMMODITIES;

(B) CONCRETE AGREEMENTS DURING THE CURRENT ROUND OF INTENSIVE INTENSIVE INTER-GOVERNMENTAL CONSULTATIONS ON INDIVIDUAL COMMODITIES ON SPECIFIC MEASURES THAT WILL FACILITATE ACCESS TO MARKETS, LEADING TO AN INCREASE IN OUTPUT AND PRICE STABILIZATION AT LEVELS WHICH ARE REMUNERATIVE TO PRODUCERS AND EQUITABLE TO BOTH PRODUCERS AND CONSUMERS TAKING INTO ACCOUNT THE DEVELOPMENT NEEDS OF DEVELOPING COUNTRIES.

(2) ADAPTATION OF THE POLICY MEASURES EMBODIES IN THE DDII STRATEGY
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TO THE RECENT INTERNATIONAL DEVELOPMENTS AND THE ADOPTION OF NEW MEASURES TO ENSURE THE FULFILMENT OF THE GOALS AND OBJECTIVES OF THE STRATEGY IN THE LIGHT OF THESE DEVELOPMENTS.

(3) ADDITIONAL MEASURES

1. PRICING POLICY

(A) AN OVERALL INTEGRATED PLAN SHOULD BE PREPARED FOR STABILIZATION OF THE PRICES AND MARKETS OF A COMPREHENSIVE RANGE OF PRIMARY COMMODITIES OF EXPORT INTEREST TO DEVELOPING COUNTRIES BY VARIOUS APPROPRIATE TECHNIQUES AND METHODS WITH A VIEW TO ENSURING AN ADEQUATE EXPANSION OF THEIR FOREIGN EXCHANGE EARNINGS, TAKING INTO ACCOUNT THEIR DEVELOPMENT NEEDS BY:

(I) MAINTAINING PRICES OF COMMODITIES AT REMUNERATIVE LEVELS WHICH TAKE INTO ACCOUNT MOVEMENTS IN THE PRICES OF MANUFACTURED GOODS IMPORTED BY DEVELOPING COUNTRIES;

(II) PROVIDING GREATER PREDICTABILITY OF PRICES AND SECURITY OF SUPPLIES OF COMMODITIES, ESPECIALLY ESSENTIAL FOODSTUFFS AND RAW MATERIALS, IN THE INTERESTS OF BOTH IMPORTING AND EXPORTING COUNTRIES;

(III) INCREASING THE SHARE OF DEVELOPING COUNTRIES IN THEIR OVERALL REVENUE ACCRUING FROM ALL STAGES OF MARKETING PROCESS OF PRIMARY COMMODITIES AND RAW MATERIALS, INCLUDING SHIPPING, INSURANCE AND DISTRIBUTION;

(IV) IMPROVING THE COMPETITIVENESS OF NATURAL MATERIALS FACING COMPETITION FROM SYNTHETIC SUBSTITUTES.

(B) ACCORDINGLY, THE PLAN SHOULD PROVIDE FOR, INTER ALIA:

(I) THE ESTABLISHMENT OF REFERENCE PRICES AND PROVISION FOR ADEQUATE PERIODIC INCREASES IN PRICES OF EACH COMMODITY GROUP TO TAKE ACCOUNT OF WORLD INFLATION AND CURRENCY FLUCTUATIONS;

(II) THE ESTABLISHMENT OF ONE OR MORE SINGLE- OR MULTI-COMMODITY INTERNATIONAL BUFFER STOCKS;
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(III) THE LONG-TERM FINANCING OF BUFFER STOCKS BY IMPORTING AS WELL AS EXPORTING PARTICIPATING COUNTRIES ON AN EQUITABLE BASIS;

(IV) THE PROVISION OF LONG-TERM LOANS ON EASY TERMS TO BUFFER STOCKS BY INTERNATIONAL AND INTER-GOVERNMENTAL FINANCIAL INSTITUTIONS AND BY COUNTRIES LIKELY TO REMAIN IN SUBSTANTIAL BALANCE-OF-PAYMENTS SURPLUS OVER A PERIOD OF YEARS, TAKING INTO ACCOUNT THEIR FOREIGN INDEBTEDNESS;

(V) INTERNATIONALLY FINANCED ARRANGEMENTS FOR PAYING TO DEVELOPING COUNTRIES, IN RESPECT OF REFERENCE QUANTITIES OF EXPORTS OF COMMODITIES FOR WHICH STABILIZATION OF PRICES AND/OR MARKETS IS NOT FEASIBLE, THE DIFFERENCE BETWEEN THE MINIMUM REMUNERATIVE PRICE AND THE ACTUAL MARKET PRICE IF LOWER;

(VI) INTERNATIONALLY FINANCED CONCESSIONAL SALES TO DEVELOPING IMPORTING COUNTRIES, TAKING INTO ACCOUNT THE INTERESTS OF DEVELOPING PRODUCING COUNTRIES;

(VII) THE LINKING, WHEREVER APPLICABLE, OF MEASURES FOR IMPROVEMENT OF ACCESS TO MARKETS WITH ARRANGEMENTS FOR THE STABILIZATION OF COMMODITY PRICES.

2. ACCESS

(A) DEVELOPED COUNTRIES SHOULD MAKE STRUCTURAL ADJUSTMENTS OF THEIR ECONOMIES SO AS TO FACILITATE THE EXPANSION OF IMPORTS FROM DEVELOPING COUNTRIES AND THEREBY PERMIT A JUST AND EQUITABLE INTERNATIONAL DIVISION OF LABOUR;

(B) WHERE PRODUCTS OF DEVELOPING COUNTRIES COMPETE WITH THE DOMESTIC PRODUCTION OF DEVELOPED COUNTRIES, EACH DEVELOPED COUNTRY SHOULD ALLOCATE A DEFINED PERCENTAGE OF ITS CONSUMPTION OF SUCH PRODUCTS TO EXPORTS FROM DEVELOPING COUNTRIES;

(C) SPECIAL MEASURES SHOULD BE TAKEN BY DEVELOPED COUNTRIES IN ORDER TO ENSURE THAT DEVELOPING COUNTRIES RECEIVE AN INCREASING SHARE OF THE IMPORTS OF DEVELOPED COUNTRIES;

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DEVELOPED COUNTRIES SHOULD ELIMINATE TARIFF, NON-TARIFF BARRIERS AND INTERNAL TAXES ON IMPORTS FROM DEVELOPING COUNTRIES OF PRIMARY COMMODITIES IN THEIR NATURAL, SEMIPROCESSED AND PROCESSED FORMS;

(E) THE SOCIALIST COUNTRIES OF EASTERN EUROPE SHOULD MAKE SPECIFIC COMMITMENTS CONCERNING THE SHARING OF THEIR CONSUMPTION REQUIREMENTS BETWEEN DOMESTIC SOURCES AND DEVELOPING EXPORTING COUNTRIES, AND SHOULD ANNOUNCE INCREASED QUANTITATIVE IMPORT TARGETS FOR MORE COMPETITIVE COMMODITIES.

3. SYNTHETICS AND SUBSTITUTES

NEW INVESTMENT IN DEVELOPED COUNTRIES FOR THE EXPANSION OF

CAPACITY OF PRODUCTION OF SYNTHETIC MATERIALS SHOULD NOT BE MADE EXCEPT TO THE EXTENT THAT EXPANSION OF NATURAL MATERIALS CANNOT SATISFY THE REQUIREMENTS OF THE MARKET. THE APPORTIONMENT OF PRODUCTIVE RESOURCES BETWEEN NATURAL PRODUCTS VIS-A-VIS SYNTHETICS, AND THE GREATER REAL SOCIAL COSTS OF PRODUCTION OF SYNTHETIC MATERIALS INCLUDING THE HARMFUL EFFECTS OF THEIR PRODUCTION ON THE ENVIRONMENT.

PROGRAMME OF WORK

UNCTAD

THE SECRETARY-GENERAL OF UNCTAD IS REQUESTED TO PREPARE, IN CLOSE COLLABORATION WITH IBRD, IMF, FAO AND SPECIALIZED INTERGOVERNMENTAL COMMODITY BODIES, AN OVERALL INTEGRATED PLAN FOR COMMODITY ARRANGEMENTS ON LINES SUGGESTED ABOVE AND TO SUBMIT IT TO A SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD, OPEN TO ALL MEMBERS OF UNCTAD, AS EARLY AS POSSIBLE IN 1975.

END QUOTE.MILLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, ECONOMIC ASSISTANCE, ECONOMIC DEVELOPMENT, LESS DEVELOPED COUNTRIES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GENEVA02230
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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From: GENEVA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1974/newtext/t19740459/aaaacbzz.tel
Line Count: 349
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2002 by rowelle0>; APPROVED <01 AUG 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GROUP 77 PAPER FOR GA
TAGS: EGEN, ETRN, UNCTAD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005